

**CONTRACT #16**  
**RFS # 318.66-029**

**Department of Finance &  
Administration  
Bureau of TennCare**

**VENDOR:**  
**John Deere (formerly  
Heritage National Health  
Plan of TN)**



RECEIVED

MAY 14 2007

FISCAL REVIEW

STATE OF TENNESSEE  
BUREAU OF TENNCARE  
310 Great Circle Road  
NASHVILLE, TENNESSEE 37243

May 7, 2007

Mr. Jim White, Director  
Fiscal Review Committee  
8<sup>th</sup> Floor, Rachel Jackson Bldg.  
Nashville, TN 37243

Attention: Ms. Leni Chick

RE: Bureau of TennCare  
Contracts Submitted for Fiscal Review

Dear Mr. White:

The Department of Finance and Administration, Bureau of TennCare, is submitting for consideration by the Fiscal Review Committee amendment #2 to QSource Center for HealthCare Quality, RFS 318.65-205. This competitively bid contract is being amended to strengthen reporting requirements and timelines. There is no term extension or additional funding associated with this amendment.

Additionally, the Managed Care Organizations for West and East Tennessee are being amended to provide the following modifications to current MCO language: (1) Clarify National Provider Identification (NPI) requirement consistent with CMS requirements; (2) Revise Network Adequacy Language to be consistent with Middle TN CRA; (3) Revise Department of Education language to be consistent with current policies for coordination with Department of Education, Project Teach and school based providers; (4) Clarify LEP provisions and Teen Newsletter requirement; (5) Modify reporting relative to PCP and emergency room visits, emergency department utilization, disease management and case management, nurse triage 24/7 line, remove Quality Improvement Activity (QIA) Grid due to NCAQ Accreditation being achieved, and NCQA Reports; (6) Add language for consistency with NCQA requirements; (7) Revise risk target evaluation periods from quarterly to annual, revise and clarify methodology for Targets and Bonus potential; (8) Extend term of agreement through June 30, 2008 to align with State Fiscal Year and add funding to support extension of term, and (9) Housekeeping revisions made for consistency throughout the Agreement.

The Managed Care Organizations for Middle Tennessee are being amended to include the following modifications: (1) Clarify National Provider Identification (NPI) requirements consistent with CMS requirements; (2) Revise language to be consistent with current policies for coordination with Department of Education, Project Teach and school based providers; (3) Clarify LEP provisions and Teen Newsletter requirements; (4) Modify reporting as it relates to PCP and emergency room visits; emergency department utilization, disease management and case management, nurse triage 24/7 line, and NCQA Reports; (5) Add language for consistency

with NCQA requirements, and (6) Housekeeping revisions made for consistency throughout the agreement.

The three Behavioral Health Organizations (BHOs) are being amended to provide the following modifications to BHO language: (1) Clarifies National Provider Identification (NPI) requirements consistent with CMS requirements; (2) Revise language to be consistent with current policies for coordination with Department of Education, Project Teach and school based providers; (3) Clarifies LEP provisions and Teen Newsletter requirement; (4) Strengthens reporting as it relates to case management services, inpatient reports, payment for out of plan emergency providers, cost and utilization, and satisfaction and outcome performance measures; (5) Clarifies language to require all provider agreements be approved in advance by TDCI; (6) Modification of mandatory evaluation time language to be consistent with Tennessee Code Annotated §33-7-303(b); (7) Extends the term of the contract for an additional year and provides funding to support term extension, and (8) Housekeeping revisions made for consistency throughout the agreement.

The Bureau of TennCare would greatly appreciate the consideration and approval of these amendments by the Fiscal Review Committee.

Sincerely,

A handwritten signature in black ink, appearing to read "Scott Pierce", followed by a long horizontal line extending to the right.

Scott Pierce  
Chief Financial Officer

cc: Darin J. Gordon, Deputy Commissioner  
Alma Chilton

## REQUEST: NON-COMPETITIVE AMENDMENT

RECEIVED

MAY 14 2007

FISCAL REVIEW

APPROVED

Commissioner of Finance &amp; Administration

Date:

Each of the request items below indicates specific information that must be individually detailed or addressed as required. A REQUEST CAN NOT BE CONSIDERED IF INFORMATION PROVIDED IS INCOMPLETE, NON-RESPONSIVE, OR DOES NOT CLEARLY ADDRESS EACH OF THE REQUIREMENTS INDIVIDUALLY AS REQUIRED.

RFS #	318.66-029		
STATE AGENCY NAME :	Department of Finance and Administration, Bureau of TennCare		
SERVICE CAPTION :	Managed Care Organization Services/Medically Necessary Health Care Services to the TennCare/Medicaid Population		
CONTRACT #	FA-02-14860-00	PROPOSED AMENDMENT #	12
CONTRACTOR :	John Deere (formerly Heritage National Health Plan of TN)		
CONTRACT START DATE :	July 1, 2001		
CURRENT, LATEST POSSIBLE END DATE : (including ALL options to extend)	12/37/2007		
CURRENT MAXIMUM LIABILITY :	\$944,228,015.57		
LATEST POSSIBLE END DATE WITH PROPOSED AMENDMENT : (including ALL options to extend)	06/30/2008		
TOTAL MAXIMUM COST WITH PROPOSED AMENDMENT : (including ALL options to extend)	\$1,144,228,015.57		
APPROVAL CRITERIA : (select one)	<input checked="" type="checkbox"/> use of Non-Competitive Negotiation is in the best interest of the state <input type="checkbox"/> only one uniquely qualified service provider able to provide the service		
ADDITIONAL REQUIRED REQUEST DETAILS BELOW (address each item immediately following the requirement text)			
(1) description of the proposed additional service and amendment effects :			

This amendment provides the following modifications to current MCO language: This amendment provides the following modifications to current MCO language: (1) Clarify National Provider Identification (NPI) requirement consistent with CMS requirements; (2) Revise Network Adequacy Language to be consistent with Middle TN CRA; (3) Revise Department of Education language to be consistent with current policies for coordination with Department of Education, Project Teach and school based providers; (4) Clarify LEP provisions and Teen Newsletter requirement; (5) Modify reporting relative to PCP and emergency room visits, emergency department utilization, disease management and case management, nurse triage 24/7 line, remove Quality Improvement Activity (QIA) Grid due to NCAQ Accreditation being achieved, and NCQA Reports; (6) Add language for consistency with NCQA requirements; (7) Revise risk target evaluation periods from quarterly to annual, revise and clarify methodology for Targets and Bonus potential; (8) Extend term of agreement through June 30, 2008 to align with State Fiscal Year and add funding to support extension of term, and (9) Housekeeping revisions made for consistency throughout the Agreement.

**(2) explanation of need for the proposed amendment :**

This amendment is needed to make above modifications as well as provide funding for additional term extension.

**(3) name and address of the proposed contractor's principal owner(s)**  
(not required if proposed contractor is a state education institution)

408 North Cedar Bluff Road, Suite 400, Knoxville, TN 37923

**(4) documentation of OIR endorsement of the Non-Competitive procurement request :**  
(required only if the subject service involves information technology)

select one:



Documentation Not Applicable to this Request



Documentation Attached to this Request

**(5) documentation of Department of Personnel endorsement of the Non-Competitive procurement request :**  
(required only if the subject service involves training for state employees)

select one:



Documentation Not Applicable to this Request



Documentation Attached to this Request

**(6) description of procuring agency efforts to identify reasonable, competitive, procurement alternatives rather than to use non-competitive negotiation :**

This Contractor is currently providing a network of services for the TennCare Program. This is an amendment to current contract.

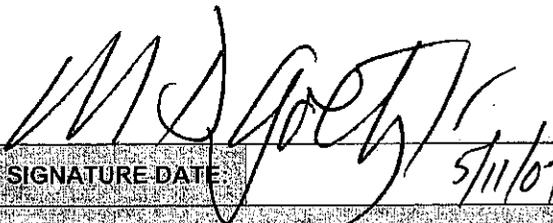
**(7) justification of why the F&A Commissioner should approve a Non-Competitive Amendment :**

The Bureau of TennCare is currently modifying all of the MCO contracts to provide specific language changes for clarity and compliance with Fiscal Review as well as CMS. These MCO contracts provide necessary Health Care Services to the TennCare/Medicaid Population and TennCare would greatly appreciate approval of this amendment by the Commissioner of F&A.

**AGENCY HEAD REQUEST SIGNATURE:**

(must be signed by the ACTUAL procuring agency head as detailed on the Signature Certification on file with OCR — signature by an authorized signatory will be accepted only in documented exigent circumstances)

SIGNATURE DATE



5/11/07

## CONTRACT SUMMARY SHEET

RFS Number:	318.66-029	Contract Number:	FA-02-14860-12
State/Agency:	Department of Finance and Administration	Division:	Bureau of TennCare
Contractor:		Contract Identification Number:	
<b>JOHN DEERE (formerly Heritage National Health Plan of TN)</b>		<input type="checkbox"/> V- <input type="checkbox"/> C-	<b>363379945 00</b>

**Service Description**

Managed Care Organization Services/Medically necessary Health Care Services to the TennCare/Medicaid Population

Contract Begin Date:	Contract End Date:
7/1/2001	6/30/2008

Allotment Code	Cost Center	Object Code	Fund	Grant	Grant Code	Subgrant Code
318.66	4A4	134	11	<input type="checkbox"/> STARS		
<b>FY</b>	<b>State Funds</b>	<b>Federal Funds</b>	<b>Interdepartmental Funds</b>	<b>Other Funding</b>	<b>Total Contract Amount (including ALL amendments)</b>	
2002	\$ 46,137,900.00	\$ 80,885,019.00			\$ 127,022,919.00	
2003	\$ 50,389,400.00	\$ 86,660,300.00			\$ 137,049,700.00	
2004	\$ 49,908,299.02	\$ 90,540,889.55			\$ 140,449,188.57	
2005	\$ 62,904,600.00	\$ 106,935,100.00			\$ 169,839,700.00	
2006	\$ 62,904,600.00	\$ 106,935,100.00			\$ 169,839,700.00	
2007	\$70,589,461.00	\$ 129,437,347.00			\$200,026,808.00	
2008	\$72,610,000.00	\$ 127,390,000.00			\$ 200,000,000.00	
<b>Total:</b>	<b>\$ 415,444,260.02</b>	<b>\$ 728,783,755.55</b>			<b>\$ 1,144,228,015.57</b>	

CFDA# 93.778 Title XIX Dept. of Health and Human Services	(Check the box ONLY if the answer is YES)
<b>State Fiscal Contract</b>	Is the Contractor a SUBRECIPIENT? (per OMB/A-133)
Name: Scott Pierce Address: 310 Great Circle Road Phone: Nashville, TN (615)507-6415	Is the Contractor a Vendor? (per OMB/A-133)
Procuring Agency Budget Officer Approval Signature:	Is the Fiscal Year Funding STRICTLY LIMITED?
Scott Pierce	Is the Contractor on STARS?
	Is the Contractor's FORM W-9 ATTACHED?
	Is the Contractor's Form W-9 Filed with Accounts?

COMPLETE FOR ALL AMENDMENTS (only)			Funding Certification
END DATE	Base Contract & Prior Amendments	This Amendment ONLY	Pursuant to T.C.A., Section 9-6-113, I, M. D. Goetz, Jr., Commissioner of Finance and Administration, do hereby certify that there is a balance in the appropriation from which this obligation is required to be paid that is not otherwise encumbered to pay obligations previously incurred.
	<b>12/31/2007</b>	<b>6/30/2008</b>	
FY: 02	\$127,022,919.00		
FY: 03	\$137,049,700.00		
FY: 04	\$140,449,188.57		
FY: 05	\$169,839,700.00		
FY: 06	\$169,839,700.00		
FY: 07	\$200,026,808.00		
FY: 08		\$200,000,000.00	
<b>Total:</b>	<b>\$944,228,015.57</b>	<b>\$200,000,000.00</b>	